



NEWSLINE

Savings Plus Program

Second Quarter 2001

The Savings Plus Investment Guide

You should have recently received a copy of the new Savings Plus Investment Guide, which was mailed to all participants earlier this month. If you haven't yet had a chance to read through the Guide, we hope you will take some time to review the valuable investment education information it provides. Be sure to check out the Ibbotson questionnaire, which will assist you in determining your personal investor profile. You can then use that information in designing your asset allocation strategy by selecting investments that will help you meet your specific needs and investment goals.

In addition to investment education, the Guide provides a profile of each of the twenty-two core investment options offered through the Savings Plus Program, as well as information about the Schwab Personal Choice Retirement Account.

Each investment profile provides a variety of information about the objective and strategy of the investment, the management portfolio level and summary, and general fund information. In addition, Morningstar category and rating information is also provided. Morningstar has become one of the leading independent financial publishers of unbiased mutual fund and stock information for professionals and individuals. Where applicable, historical performance information is also included in the profile. You can find updated fund performance information in your quarterly statement.

Additional copies of the Guide can be obtained through our voice response system as well as obtained online. To obtain a copy through our voice response system call 1-866-566-4777; after entering your Social Security number and password, press 4, then press 5, and enter publication number 8000. Please allow approximately two weeks for delivery. To download a

The Past and Future

Over the last year the Savings Plus Program has been through a major transition which resulted in a new, more diversified investment portfolio, a decrease in investment management fees, a change to a new recordkeeper, and enhancements to the online capabilities of our Web site. Our primary goal continues to be ensuring the highest level of service to our participants. In addition, we also plan to explore ways to inform and connect participants with a variety of retirement planning resources. Watch for articles in future NewsLine editions that will assist you in developing your asset allocation (investment strategy) and manage your investment portfolio.

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Investment Guide

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PDF version of the Guide online, visit our Web site at www.sppforu.com and select “Forms and Publications”.

While visiting our Web site you can also obtain prospectus information, access current fund performance information and link to the various Web sites of our fund providers. To access prospectus information, first log on to your account, then select “Fund Detail”. This page also includes the most current fund performance information. For links to fund providers, their phone numbers and trading symbols, simply click on “Plan Info & Forms”, and then select “Links to Fund Providers”.

Riding the Market Rollercoaster

During the first quarter of this year the market was on a virtual rollercoaster and investors everywhere continue to keep a watchful eye on the ups and downs of their account values. While most participants saw a decrease in the value of their account on their 1st quarterly statement, the majority of participants will likely see that their account value has rebounded to some extent. It is important to remember when managing your investment portfolio that historically the market has recovered following each decline.** Here is a look at previous bear markets and how long it took (recovery period) for prices to return to the level they were at before the downturn.

Period of Downturn	Decline	Recovery Period (Months)
July 1990-October 1990	-19.9%	4
August 1987-December 1987	-33.5%	20
January 1981-August 1982	-25.8%	2
September 1976-March 1978	-19.4%	17
January 1973-October 1974	-48.2%	69
November 1968-May 1970	-36.1%	21
February 1966-October 1966	-22.2%	7
December 1961-June 1962	-28.0%	14
Source: Standard & Poor's Corporation		
** Information Only - Past performance is no guarantee of future results		

VRS Fund Codes

The VRS requires a 4-digit code for an investment option you want to inquire about or change. This list of fund codes is current as of June 1, 2001.

FUND	CODE
Accessor Small to Mid Cap Adv	2240
CalPERS/S&P 500 Index	2750
CalPERS/US Intermediate	2752
CalPERS/US Short-Term	2751
Domini Social Equity	2802
Dwight Asset Management GIC	2810
Federated Stock Trust	3445
Franklin Balance Sheet Investment	7817
Glenmede Inst International	4350
Hartford Advisers HLS	4250
Hartford Stock HLS	4252
Janus Twenty	5270

Nationwide Investor Destination Funds:

ID - Aggressive	9723
ID - Moderately Aggressive	9722
ID - Moderate	9721
ID - Moderately Conservative	9720
ID - Conservative	9719
Savings Pool	2230
T Rowe Price Mid-Cap Growth	7736
VALIC Fixed Annuity	8965
Vanguard GNMA	8344
Vanguard Total Bond Mkt Index	8261
Vanguard US Growth	7824

Hartford Variable Annuity Sub Accounts:

American Century Income & Growth	4237
Franklin Small Cap Growth Fund	4239
Hartford Bond HLS	4233
Hartford Capital Appreciation HLS	4238
Hartford Index HLS	4234
Hartford Money Market HLS	4231
Hartford Mortgage Securities HLS	4232
Janus Adviser International	4240
Janus Balanced	4230
MFS Capital Opportunities	4235
MFS Mass. Investors Growth Stock	4236
PCRA Sweep Account	7272

VRS Updates

A new menu option has been added to our VRS. This new option allows you to obtain the toll-free numbers for each of our investment providers. For your convenience the VRS is available 24 hours a day, 7 days a week. Once you have accessed the system, press “2” to hear an alphabetical listing of our investment providers.

New Web Features

Hartford Link

Be sure to check out the new Hartford Web site specifically designed for Savings Plus participants. This new site will allow you to view and print Hartford fund performance, daily NAVs, and historical unit values/price information. To access the site from the SPP Web site, click on “Plan Info & Forms” and then click on “Links to Fund Providers”. From the list of providers, click on any of the Hartford links to get to the Hartford Welcome Page. From there click on “Login Access” and then click on “Hartford Online Access.” You will then be asked to enter a User ID and Pin; for the User ID enter **california** for the Pin enter **savingsplus**.

401(k) Loan Modeling

401(k) participants can now model and initiate a General Purpose or Residential loan online. To access this feature look for the loan option under the “My Account” tab, select “Loan Modeling” and then select the “General Purpose” or “Primary Residence” loan option.

PCRA Transfers

PCRA participants can now transfer money from their core account(s) to their Schwab PCRA Account. Here is some important information about this new feature:

- ◆ Balances listed online reflect the previous day’s market value.
- ◆ Participants must maintain in their core account 50% of their account value or \$2,500 whichever is less.
- ◆ Transfers to the Schwab PCRA can be made from both a 457 and/or 401k account.
- ◆ Transferring balances back to a participant’s core account requires 2 separate steps.
 - ◆ Funds must first be transferred back into the Schwab Money Market Fund.
 - ◆ The participant can then transfer the assets back to their core account.

Look for the PCRA transfer screen under the “My Account” tab, select “Transactions” then click the “Transfers” tab, to process your transfer.

Savings Pool

City National Bank was added as an additional Savings Pool provider. With this addition, the Savings Pool now has assets split between three investment managers – City National Bank, Washington Mutual Bank, and the Golden One Credit Union.

Adding City National Bank as a Savings Pool provider will have no direct effect on participants with assets in the pool.

Password/PIN Reminder

For your protection, the SPP Web site and VRS require a separate password/PIN to access your account. Your online password must be 8-20 characters (numerals and/or letters). For the VRS, you must create a 4-digit numerical Personal Identification Number (PIN).

NewsLine Past Issues

Misplaced your 1st Quarter NewsLine? Participants can now read and print current and past issues of NewsLine online, beginning with 1st Quarter, 2001. Click on the blue “News” tab and select the edition you are interested in reviewing.

Please Note: Adobe Acrobat Reader is required to view the NewsLine. If you do not have this program, click the “Acrobat Reader” icon to enable access.

Pension Reform Update and IRS Regulation Changes

The big news in pension reform is the recent signing by the President of the Restoring Earnings to Lift Individuals and Empower Families Act of 2001. Tax experts everywhere are pouring over several hundred pages of legislative language to better understand its effects for deferred compensation plans and participants.


Provisions of the Act, which will become effective in January of 2002, will greatly enhance the opportunities of employees to fund their retirement through programs such as the Savings Plus. Based on information available at this time, the provisions of the Act will not allow participants who are already receiving distributions to make changes.

Listed below is a preliminary list of some of the major changes that will affect the SPP plan and participants:

- ◆ Increases the deferral limits for 401k and 457 accounts.
- ◆ Retirement service credits can now be purchased with 457 assets.
- ◆ Allows rollovers among all retirement plan types and IRAs.
- ◆ Creates additional catch-up contribution provisions for employees aged 50 or older.

In the last NewsLine we told you about the IRS announcement in January 2001 which changes the way distributions are calculated for retirees. Plan administrators, including Savings Plus, continue to wait for further clarification and guidance from the IRS, especially as the rule change applies to 457 Plans.

Please watch for an update and additional information on these important changes in the 3rd quarter NewsLine, which will be mailed with your next quarterly statement in late October.



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Contact Information

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Did You Know?

As of April 30, 2001:

- SPP participants held \$4.6 billion in total assets.
- 77,476 participants are enrolled in the 457 Plan.
- 78,545 participants are enrolled in the 401k Plan.
- 6,462 participants are enrolled in the Schwab PCRA Brokerage Accounts.